

CALIFORNIA EMPLOYER

Second Quarter 2004

Should your casual or day labor workers be considered employees? —

"Casual labor" and "day labor" are common terms used to describe workers performing a variety of services, usually on a temporary or part-time basis.



Many businesses hire these types of workers and mistakenly believe that they are not employees simply because of their limited length of service or part-time hours.

Even though these workers may be hired for only an hour, day, or week, they are typically employees. Some examples of the types of workers referred to as casual laborers include:

- Part-time help
- Day laborers
- Students
- Outside laborers
- Temporary help
- Substitutes
- Workers in training
- Employees hired on a trial basis
- Workers paid less than \$600 a year

Common law rules of employment determine whether or not these workers are employees for purposes of the California Unemployment Insurance Code. Under common law, the most important factor to be considered when

determining whether a worker is considered to be an employee or independent contractor is the right of control over the worker. If you can control the way in which work is performed, or if you exercise extensive control over the work as a whole, the worker is your employee and there is a common law employee-employer relationship.

For more information, please refer to our *Information Sheet: Casual Labor* (DE 231K), which is available on our Web site at www.edd.ca.gov/taxrep/taxform.htm#Forms or by calling 1-888-745-3886.

Helpful tips for trouble-free reporting and payments —

To ensure that your tax return or payment is processed correctly and timely, please note these important tips:

- Always include your Employment Development Department (EDD) account number.
- Send original documents, not copies.
- Do not staple documents.
- Use the return envelopes provided by EDD.

For Quarterly Wage and Withholding Reports (DE 6):

- All dollar figures must include cents.
- If you are using a prior quarter return to report a current quarter, change the year/quarter on the DE 6 to the current quarter.
- Unless you are on an approved voluntary plan for SDI, do *not* check "Box B" on your DE 6.

- Request an address change by using a *Notification of Change of Employer Account Information* form (DE 24), not the DE 6. The DE 24 is available online at www.edd.ca.gov/taxrep/taxform.htm#Forms or by calling 1-888-745-3886.

For Payroll Tax Deposit Coupons (DE 88):

- Do not enter negative or credit amounts on the DE 88.
- Remove any stubs and/or vouchers from checks.
- Do not use another taxpayer's DE 88 coupons.

Consider settlements to resolve tax disputes —

If you have a disputed payroll tax liability with the State of California, a settlement can provide the opportunity to resolve the dispute without costly legal bills, accrued interest, or a lengthy hearing process. Since a settlement allows you and the State to work together to resolve the disputed issue, you can focus on your business operations.



Before a settlement can be considered, however, your case must be petitioned or appealed to the California Unemployment Insurance Appeals Board. Generally, if your case involves a reclassification of

workers from independent contractors to employees, part of the settlement agreement will be to voluntarily report those workers in the future.

For more information on this program, please refer to the *Information Sheet: Settlements Program* (DE 231SP), which is on our Web site at www.edd.ca.gov/taxrep/de231sp.pdf. If you have questions about settlements, please contact us at:

EDD Settlements Office, MIC 93
P.O. Box 826880
Sacramento, CA 94280-0001
Phone: (916) 654-7922
Fax: (916) 653-7986

Annual interest rate set at 4 percent

The adjusted annual interest rate for the period July 1 through December 31, 2004, for delinquent taxes and contributions will be 4 percent (.04), compounded daily. The daily interest factor will be .000109.

If you have any questions regarding the adjusted annual interest rate, please contact us at 1-888-745-3886.

Paid Family Leave benefit payment begins in July —

Beginning July 1, 2004, individuals may file claims for Paid Family Leave (PFL) insurance benefits. The PFL program is a component of the State Disability Insurance (SDI) Program administered by EDD.

For California workers covered by SDI, PFL provides up to six weeks of benefits for individuals who take time off work to care for a seriously ill child, spouse, parent, domestic partner, or to bond with a new minor child. No more than six weeks of PFL benefits may be paid within any 12-month period.

The request for PFL benefits must be submitted on the *Claim for Paid Family Leave (PFL) Benefits* form, DE 2501F. When benefits are requested due to a need to provide care for a seriously ill

family member, a medical certificate that supports the claim of a serious health condition warranting care is required. The DE 2501F contains a medical certificate that must be completed in the instance noted above. Benefits to bond with a new minor child are limited to the first year after the birth, adoption, or foster care placement, and a medical certificate is not required.

Claimants must complete an original DE 2501F claim form to file for benefits. Employers may order a supply of the claim forms via the EDD Web site at www.edd.ca.gov/taxrep/taxordn2.htm or by calling 1-877-BE-THERE (English) or 1-877-379-3819 (Spanish). For more information on PFL, visit the EDD Web site at www.edd.ca.gov/direp/pflind.asp.

Expert tax help available at Small Business Fairs —

We invite current and potential business owners to attend one of our upcoming Small Business Fairs, which offer informative workshops on federal, state, and local tax and business requirements.

■ Norwalk

Radisson Hotel
June 11, 9 a.m. – 3 p.m.
Call: (562) 466-1539
E-mail: norsmbus@boe.ca.gov

■ Los Angeles

West Los Angeles College
June 25, 9 a.m. – 2 p.m.
Call: (310) 342-1080
E-mail: lataxday@boe.ca.gov

■ San Gabriel

San Gabriel Valley Hotel, Baldwin Park
September 10, 8:30 a.m. – 4 p.m.
Call: (626) 480-8226
E-mail: wcovsmbf@boe.ca.gov

■ Orange County

CSU, Fullerton – Titan Student Union
September 17, 8:30 a.m. – 3:30 p.m.
Call: (949) 461-5732
E-mail: octaxday@boe.ca.gov

For further details or to check for upcoming fairs in your area, visit the State Board of Equalization's Web site at www.boe.ca.gov/sutax/tpsched.htm. These business fairs are free, but reservations are recommended if you plan to attend a workshop.

Tax info Web site has answers to your questions —

Starting a business? New to California? Need tax information quickly? You can find valuable help online at the California Taxes Information Center Web site.



This easy to use site, which provides information for individuals and businesses, is sponsored by EDD, the State Board of Equalization,

Franchise Tax Board and Internal Revenue Service.

Some particularly helpful sections that you might want to visit on the site at www.taxes.ca.gov include:

■ **Your Individual Taxes** – provides help with filing your returns, locating local tax offices, planning your taxes, and resolving a problem.

■ **Your Business Taxes** – provides answers to your questions about payroll taxes, property taxes, and sales and use tax reporting, office locations, taxpayer rights, special circumstances, and nonprofit organizations.

■ **Your Tax Forms** – provides quick access to your most commonly used individual and business tax forms.

■ **Your Tax Calendar** – provides important dates, filing requirements and useful information on tax issues to help you and your business succeed.

PAYROLL TAX INFORMATION

- General Tax Information, 1-888-745-3886
Address Changes, or
Payroll Tax Forms
- Forms Requests (25+ copies) (916) 322-2835
Fax: (916) 928-5910
- Employer Account # (916) 654-7041
Registration Info. Fax: (916) 654-9211
- Electronic Funds Transfer (916) 654-9130
Fax: (916) 654-7441
- Magnetic Media Reporting:
 - Quarterly & Annual Reports/Deposits (916) 654-6845
 - New Employee Registry/Indep. Contractor (916) 651-6945
- Alternate Forms Coordinator (916) 255-0649
Fax: (916) 255-1578
- Telefile 1-800-796-3524
- Electronic Data Interchange 1-800-796-3524
- Tax Rates & Benefit Charge Information (916) 653-7795
- New Employee Registry (916) 657-0529
Fax: (916) 255-0951
- Independent Contractor Reporting (916) 657-0529
Fax: (916) 255-3211
- Offers in Compromise (916) 464-2726
Fax: (916) 464-2121
- Underground Economy Operations 1-800-562-1783
Fax: (916) 227-2772
- Taxpayer Rights Advocate (916) 654-8957
Fax: (916) 654-6969
- EDD's Web site: www.edd.ca.gov

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